

# CHANGE REQUEST COVER SHEET

**Change Request Number:** 10-21A

**Date Received:** 10/20/2009

**Title:** Revise various procurement thresholds

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**Name:** Larry Wyborski

**Phone:** 202-493-4638

**Policy OR Guidance:** Guidance

**Section/Text Location Affected:** T3.2.1, T3.2.2.4, T3.2.2.5, T3.2.6

**Summary of Change:** Ensure consistency and continuity of review and approval thresholds.

**Reason for Change:** Adds consistency by removing gaps and overlaps in various procurement thresholds.

**Development, Review, and/or Concurrence:** AGC, AJA-A1, AJA-4, ARC

**Target Audience:** FAA Contracting Offices, AGC

**Potential Links within FAST for the Change:** None

**Briefing Planned:** No

**ASAG Responsibilities:** None

**Potential Links within FAST for the Change:** None

**Links for New/Modified Forms (or) Documents (LINK 1)** [null](#)

**Links for New/Modified Forms (or) Documents (LINK 2)** [null](#)

**Links for New/Modified Forms (or) Documents (LINK 3)** [null](#)

## SECTIONS EDITED:

### Procurement Guidance:

*T3.2.1 - Procurement Planning*

*Procurement Request (PR)*

**Section 8 : Independent Government Cost Estimate** [\[Old Content\]](#)[\[New Content\]](#) [\[RedLine Content\]](#)

### Procurement Guidance:

*T3.2.2.4 - Single Source*

*Single Source Contracting*

**Section 2 : Market Analysis Supporting Single Source** [\[Old Content\]](#)[\[New Content\]](#) [\[RedLine Content\]](#)

### Procurement Guidance:

*T3.2.2.5 - Simplified Purchase Method*

*Simplified Purchasing*

**Section 2 : Purchase Orders** [\[Old Content\]](#)[\[New Content\]](#) [\[RedLine Content\]](#)

### Procurement Guidance:

*T3.2.6 - Purchase Card Program*

*Purchase Card Program*

**Section 1 : Purchase Card** [\[Old Content\]](#)[\[New Content\]](#) [\[RedLine Content\]](#)

### Procurement Guidance:

*T3.2.2.5 - Simplified Purchase Method*

*Simplified Purchasing*

**Section 1 : Simplified Purchasing** [\[Old Content\]](#)[\[New Content\]](#) [\[RedLine Content\]](#)

### Procurement Guidance:

*T3.2.2.4 - Single Source*

*Single Source Contracting*

**Section 1 : Basis for Single Source** [\[Old Content\]](#)[\[New Content\]](#) [\[RedLine Content\]](#)

## SECTIONS EDITED:

### **Section 8 : Independent Government Cost Estimate**

**Old Content:** Procurement Guidance:

*T3.2.1 - Procurement Planning*

*Procurement Request (PR)*

**Section 8 : Independent Government Cost Estimate**

a. An independent Government cost estimate (IGCE) describes how much FAA could reasonably expect to pay for needed supplies or services. The IGCE is an internal Government estimate, supported by factual or reasoned data and documentation, and serves as: (1) the basis for reserving funds for the procurement action; (2) a method for comparing cost or price proposed by offerors; and (3) an objective basis for determining price reasonableness when only one offer is received in response to a solicitation. The program official prepares the IGCE.

b. An IGCE includes a breakdown of major elements of cost, by category such as labor, material, equipment, subcontracts, travel, overhead, and profit.

c. An IGCE is required for any anticipated procurement action (to include modifications) whose total estimated value is \$100,000 or more, except for:

- (1) Modifications exercising priced options or providing incremental funding;
- (2) Delivery orders for priced services or supplies under an indefinite-delivery contract; or
- (3) Acquisition of real property (i.e., land or space).

d. The CO may require an IGCE for those procurement actions (to include modifications) anticipated to be \$100,000 or less.

e. The estimate and supporting documentation is for internal use only. It should be made available only on a need to know basis and must not be provided to any potential offeror. An IGCE must not be based on information furnished by any potential vendor that may be competing for the requirement or considered for award. See AMS Procurement Guidance T.3.2.3 "Cost and Price Methodology" and "FAA Pricing Handbook" for detailed information about preparing an IGCE.

**New Content: Procurement Guidance:**

*T3.2.1 - Procurement Planning*

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d. The CO may require an IGCE for those procurement actions (to include modifications) anticipated to be less than \$100,000.

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## **Section 2 : Market Analysis Supporting Single Source**

### **Old Content: Procurement Guidance:**

*T3.2.2.4 - Single Source*

*Single Source Contracting*

### **Section 2 : Market Analysis Supporting Single Source**

(a) Market analysis provides factual data to form conclusions and verify assumptions that FAA's technical and business interests are best served through a single source. For single source procurements (excluding emergencies) over \$10,000, market analysis is required. The method and extent of the analysis depends on the requirement, complexity, and estimated dollar value. (See AMS Procurement Guidance T3.2.1.2 "Market Analysis" for further information.)

(b) A formal market survey is one method to gather current data to support a single source decision. When used, a formal market survey should include a sufficiently detailed description of key technical performance requirements or essential knowledge, expertise, or experience so that potential vendors can determine whether they have the capability to satisfy FAA's requirements. FAA also uses these key performance requirements to evaluate capabilities of any vendors responding to the market survey. The market survey should include explicit instructions to potential vendors about the acceptable format, form, and level of detail for vendor capability statements or other vendor information that FAA will use to decide whether other capable vendors exist and whether a competitive procurement is appropriate.

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### **Red Line Content: Procurement Guidance:**

*T3.2.2.4 - Single Source*

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*Single Source Contracting*

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**Section 2 : Purchase Orders**

**Old Content:** Procurement Guidance:

*T3.2.2.5 - Simplified Purchase Method*

*Simplified Purchasing*

**Section 2 : Purchase Orders**

a. *Purchase order.* A purchase order is a simplified form for ordering supplies or services, generally issued on a fixed-price basis, at stated prices based upon specified terms and conditions. Purchase orders must specify the quantity of supplies or scope of services being ordered and contain a date by which the goods or services must be delivered to FAA.

b. *Unpriced purchase orders.* An unpriced purchase order is an order for supplies or services that does not have a price established at the time of its issuance.

(1) An unpriced purchase order may be appropriate when:

(a) It is impractical to obtain pricing in advance of issuance of the purchase order;  
or

(b) The purchase is for repairs to equipment requiring disassembly to determine the nature and extent of repairs; the material is available from only one source and for which cost cannot be readily established; or the order is for supplies or services for which prices are known to be competitive but exact prices are not known (e.g. miscellaneous repair parts, maintenance agreements).

(2) Unpriced purchase orders may be issued by using written purchase orders or through various electronic means. A realistic monetary limitation, either for each line item or for the total order, should be placed on each unpriced purchase order. The monetary limitation becomes an obligation subject to adjustment when the firm price is established. The contracting office should follow-up each order to ensure timely pricing. The Contracting Officer (CO) or designated representative should review the invoice price and, if reasonable, process the invoice for payment.

c. *Content.* Purchase orders should contain the following information:

- (1) Trade and prompt payment discounts that are offered;
- (2) The quantity of supplies or services ordered;
- (3) Inspection provisions; origin or destination;
- (4) A determinable date by which delivery of supplies or performance of services is required; and
- (5) Information should be requested by the preparer of the purchase order as follows:
  - (a) Vendor's SSN or taxpayer identification number (TIN);
  - (b) Vendor's business status as one of the following classifications:
    - (i) Individual/sole proprietorship;
    - (ii) Corporation;
    - (iii) Partnership; or
    - (iv) Other (specify);
- (6) The CO's signature. Electronic signatures may be used in the production of purchase orders by automated methods (see AMS Policy 3.1.9).

d. *Clauses.* The CO may print on the purchase order form, or include as an attachment, the clauses they consider to be generally suitable for their purchases. The following forms may be used for purchase orders:

- (1) Optional form 347, Order for Supplies or Services;
- (2) Optional form 348, Order for Supplies or Services Schedule-Continuation; or
- (3) Other agency generated or contractor provided forms.

e. *Procedure.* Procurement under a purchase order valued over \$10,000 must be competed among 2 or more qualified vendors, unless the action is supported by a single source justification (AMS Procurement Guidance T3.2.2.4) or conducted under a small business preference program authorizing noncompetitive awards (AMS Procurement Guidance T3.6.1).

(1) *Competitive Awards.*

(a) Before issuing a request for quotations (RFQ), the CO should develop a listing of potential sources based on the requirement. This list can be derived from sources to include, but not limited to:

- (i) Previous vendors utilized in FAA or source lists kept in the contracting offices;
- (ii) Qualified vendor lists;
- (iii) The requiring or program office;
- (iii) Central Contractor Registration (CCR); and
- (iv) The Office of Small Business Development.

(b) All procurements over \$100,000 must be publicly announced on the FAA Contract Opportunities website or through other means. This requirement does not apply to emergency actions, purchases from an established QVL, exercise of options, or modifications within the scope of a purchase order.

(c) Once a list of potential sources is available, the CO should solicit as many sources as practicable, but must solicit quotations from at least two or more sources. A listing of the vendors to whom the RFQ was distributed, as well as any responses or quotes, must be included in the official file.

(d) Prior to award of the purchase order, the CO must confirm that the vendor is not listed in the Excluded Parties List System (EPLS) and has successfully registered in Central Contractor Registration (CCR). The CO should document this process in the file, which may include simply printing the results from each search or including a statement of the checks being completed in a memo to file.

- (i) EPLS: <http://www.epls.gov/>
- (ii) CCR: <http://www.ccr.gov/>

(e) *Vendor Selection.* Once a qualified and responsible vendor is selected, the CO must support the decision with a written determination that the price is fair and reasonable and that the award is in the best interest of FAA. This determination must be included in the official file.

(f) *Price Analysis/Reasonableness.* See AMS Procurement Guidance T3.2.2.5:1.

(2) *Single source awards.*

(a) The rational basis for a single source decision must be documented by the program official, reviewed by legal counsel, and approved by the CO and included in the official file.

(b) There are no predetermined or prescribed conditions for using a single source, and each single source decision stands alone and must be based on the circumstances surrounding each specific need.

(c) Single source procurements over \$10,000 (excluding emergencies) require market analysis to verify that FAA's technical and business interests are best met through a single source.

(d) A single source justification is not required for noncompetitive set-asides to 8(a)-certified Socially and Economically Disadvantaged Business (SEDB) or Service Disabled Veteran Owned Small Business. (See AMS Procurement Guidance T3.6.1).

(e) When the total estimated value is over \$100,000, the CO must issue a pre-award public announcement (excluding emergencies) summarizing the basis for the single source decision.

(f) Additional information regarding single source awards can be found in AMS Procurement Guidance T3.2.2.4.

f. *Acceptance.*

(1) A quotation resulting from a RFQ is not an offer, and cannot be accepted by FAA to form a binding contract. A contract is formed when the supplier accepts the offer, which can be done by:

(a) The supplier accepting the purchase order in writing to FAA. The Contracting Officer should require written acceptance of a purchase order when it is desired to consummate a binding contract before the contractor undertakes performance; or

(b) The supplier furnishing the supplies or services ordered or by proceeding with the work to the point where substantial performance has occurred.

g. *Modification.* Each purchase order modification should identify the order it modifies, contain an appropriate modification number, and identify what authority is being used to modify the order. The Contracting Officer determines when it is necessary to obtain a contractor's written acceptance of a purchase order modification. Purchase orders may be modified by using:

- (1) Standard Form 30, Amendment of Solicitation/Modification of Contract;
- (2) An agency-designed form or an automated format; or
- (3) A purchase order form.

h. *Termination.* A purchase order may be terminated, and the process to terminate an order depends on whether the order has been accepted.

- (1) If the purchase order has been accepted in writing by the contractor, the termination should be processed in accordance with AMS termination clauses.
- (2) If the purchase order has not been accepted in writing by the contractor, the CO should notify the contractor in writing that the purchase order has been canceled and request the contractor's acceptance of the cancellation. If the contractor:
  - (i) Accepts the cancellation and does not claim that costs were incurred, no further action is required.
  - (ii) Does not accept the cancellation or claims that costs were incurred, the CO should process the termination in accordance with the termination clauses.

i. *Purchase order checklist and Simplified Purchase Summary.*

- (1) Any purchase order with an anticipated value of \$10,000 or more must include a Purchase Order/GSA/FSS Order File Checklist (see Procurement Forms) in the official file.
- (2) The CO may choose to use the Simplified Purchase Summary (see Procurement Forms) to document actions associated with the award of a purchase order.

**New Content: Procurement Guidance:**

*T3.2.2.5 - Simplified Purchase Method*

*Simplified Purchasing*

**Section 2 : Purchase Orders**

a. *Purchase order.* A purchase order is a simplified form for ordering supplies or services, generally issued on a fixed-price basis, at stated prices based upon specified terms and conditions. Purchase orders must specify the quantity of supplies or scope of services being ordered and contain a date by which the goods or services must be delivered to FAA.

b. *Unpriced purchase orders.* An unpriced purchase order is an order for supplies or services that does not have a price established at the time of its issuance.

- (1) An unpriced purchase order may be appropriate when:

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(2) Unpriced purchase orders may be issued by using written purchase orders or through various electronic means. A realistic monetary limitation, either for each line item or for the total order, should be placed on each unpriced purchase order. The monetary limitation becomes an obligation subject to adjustment when the firm price is established. The contracting office should follow-up each order to ensure timely pricing. The Contracting Officer (CO) or designated representative should review the invoice price and, if reasonable, process the invoice for payment.

c. *Content.* Purchase orders should contain the following information:

(1) Trade and prompt payment discounts that are offered;

(2) The quantity of supplies or services ordered;

(3) Inspection provisions; origin or destination;

(4) A determinable date by which delivery of supplies or performance of services is required; and

(5) Information should be requested by the preparer of the purchase order as follows:

(a) Vendor's SSN or taxpayer identification number (TIN);

(b) Vendor's business status as one of the following classifications:

(i) Individual/sole proprietorship;

(ii) Corporation;

(iii) Partnership; or

(iv) Other (specify);

(6) The CO's signature. Electronic signatures may be used in the production of purchase orders by automated methods (see AMS Policy 3.1.9).

d. *Clauses.* The CO may print on the purchase order form, or include as an attachment, the clauses they consider to be generally suitable for their purchases. The following forms may be used for purchase orders:

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e. *Procedure.* Procurement under a purchase order valued over \$10,000 must be competed among 2 or more qualified vendors, unless the action is supported by a single source justification (AMS Procurement Guidance T3.2.2.4) or conducted under a small business preference program authorizing noncompetitive awards (AMS Procurement Guidance T3.6.1).

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- (iv) The Office of Small Business Development.

(b) All procurements over \$100,000 must be publicly announced on the FAA Contract Opportunities website or through other means. This requirement does not apply to emergency actions, purchases from an established QVL, exercise of options, or modifications within the scope of a purchase order.

(c) Once a list of potential sources is available, the CO should solicit as many sources as practicable, but must solicit quotations from at least two or more sources. A listing of the vendors to whom the RFQ was distributed, as well as any responses or quotes, must be included in the official file.

(d) Prior to award of the purchase order, the CO must confirm that the vendor is not listed in the Excluded Parties List System (EPLS) and has successfully registered in Central Contractor Registration (CCR). The CO should document

this process in the file, which may include simply printing the results from each search or including a statement of the checks being completed in a memo to file.

(i) See the EPLS website

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(e) *Vendor Selection.* Once a qualified and responsible vendor is selected, the CO must support the decision with a written determination that the price is fair and reasonable and that the award is in the best interest of FAA. This determination must be included in the official file.

(f) *Price Analysis/Reasonableness.* See AMS Procurement Guidance T3.2.2.5:1.

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(a) The rational basis for a single source decision must be documented by the program official, reviewed by legal counsel, and approved by the CO and included in the official file.

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(2) *Single source awards.*

(a) The rational basis for a single source decision must be documented by the program official, reviewed by legal counsel, and approved by the CO and included in the official file.

(b) There are no predetermined or prescribed conditions for using a single source, and each single source decision stands alone and must be based on the circumstances surrounding each specific need.

(c) Single source procurements over \$10,000 (excluding emergencies) require market analysis to verify that FAA's technical and business interests are best met through a single source.

(d) A single source justification is not required for noncompetitive set-asides to 8(a)-certified Socially and Economically Disadvantaged Business (SEDB) or Service Disabled Veteran Owned Small Business. (See AMS Procurement Guidance T3.6.1).

(e) When the total estimated value is over \$100,000, the CO must issue a pre-award public announcement (excluding emergencies) summarizing the basis for the single source decision.

(f) Additional information regarding single source awards can be found in AMS Procurement Guidance T3.2.2.4.

*f. Acceptance.*

(1) A quotation resulting from a RFQ is not an offer, and cannot be accepted by FAA to form a binding contract. A contract is formed when the supplier accepts the offer, which can be done by:

(a) The supplier accepting the purchase order in writing to FAA. The Contracting Officer should require written acceptance of a purchase order when it is desired to consummate a binding contract before the contractor undertakes performance; or

(b) The supplier furnishing the supplies or services ordered or by proceeding with the work to the point where substantial performance has occurred.

*g. Modification.* Each purchase order modification should identify the order it modifies, contain an appropriate modification number, and identify what authority is being used to modify the order. The Contracting Officer determines when it is necessary to obtain a contractor's written acceptance of a purchase order modification. Purchase orders may be modified by using:

(1) Standard Form 30, Amendment of Solicitation/Modification of Contract;

(2) An agency-designed form or an automated format; or

(3) A purchase order form.

*h. Termination.* A purchase order may be terminated, and the process to terminate an order depends on whether the order has been accepted.

(1) If the purchase order has been accepted in writing by the contractor, the termination should be processed in accordance with AMS termination clauses.

(2) If the purchase order has not been accepted in writing by the contractor, the CO should notify the contractor in writing that the purchase order has been canceled and request the contractor's acceptance of the cancellation. If the contractor:

(i) Accepts the cancellation and does not claim that costs were incurred, no further action is required.

(ii) Does not accept the cancellation or claims that costs were incurred, the CO should process the termination in accordance with the termination clauses.

i. *Purchase order checklist and Simplified Purchase Summary.*

(1) Any purchase order with an anticipated value of \$10,000 or more must include a Purchase Order/GSA/FSS Order File Checklist (see Procurement Forms) in the official file.

(2) The CO may choose to use the Simplified Purchase Summary (see Procurement Forms) to document actions associated with the award of a purchase order.

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**Section 1 : Purchase Card**

**Old Content:** Procurement Guidance:

*T3.2.6 - Purchase Card Program*

*Purchase Card Program*

**Section 1 : Purchase Card**

a. *Overview.* The FAA purchase card (i.e. SmartPay Card) is an internationally accepted credit card. The purchase card is issued through General Services Administration (GSA) contract with a credit card bank, e.g., U.S. Bank. FAA employees who receive training and a Delegation of Purchasing Authority (DPA) are authorized to use the card, within the specified dollar limits, to acquire products and services.

b. *Master Contract.* GSA both administers the contract and deals with the day-to-day operations of the Government-wide Purchase Card Program. The GSA Contracting Officer is the only individual authorized to alter the terms and conditions of the contract. Copies of the contract, GS-23F-980002, may be obtained from the following address: General Services Administration, Federal Supply Service, Services Acquisition Center FCXST, Washington, D.C. 20406. The address of U.S. Bank is: U.S. Bank Government Services, P.O. Box 6347, Fargo, ND 58125-6347. The telephone number is 1-888-994-6722, or call collect to 1-701-461-2232 if outside the United States.

c. *Purpose of Card.* The FAA purchase card is intended to streamline procurement and payment procedures and to reduce the administrative burden associated with traditional and emergency purchasing of products and services under simplified purchasing. The purchase card may be used to pay for authorized FAA purchases made using other contract vehicles such as contracts, BPAs, and purchase orders, and should be the "primary purchasing method" when vendors accept credit cards for simplified purchases, unless otherwise prohibited (See AMS Procurement Guidance T3.2.2.5.A:2).

d. *Bank Authorization.* The card-issuing bank has an authorization process whereby the vendor checks via a telecommunications system each time the purchase card is used. This authorization ensures that the purchase is within the limits established for each individual account.

e. *Maximum Single Purchase Limit.* The maximum Single Purchase Limit that may be delegated to an un-warranted cardholder is \$10,000 (this limit applies to new delegations issued after

January 12, 2009; all delegations issued before this date are unchanged and "grandfathered" at the limit established by the Chief of the Contracting Office in a Delegation of Purchasing Authority). Cardholders must not exceed their single and monthly purchase limits. Purchases must not be "split" in order to circumvent these single purchase limits. The Chief of the Contracting Office (COCO) may grant individual allowances (no blanket allowances) for commodity purchases over \$10,000. An allowance may include:

- (1) Supply purchases on pre-established contracts that allow for the utilization of purchase cards;
- (2) Purchases through strategic sourcing initiatives (i.e. SAVES, Dell BPA); and
- (3) Orders or calls on a BPA, if the cardholder is an authorized user.

f. *Emergencies*. The COCO may grant allowances for purchases over \$10,000 in response to a bona-fide emergency.

g. *Mandatory Sources and Other Requirements*. When using the purchase card, cardholders must consider the following requirements:

(1) *Strategic Sourcing Initiatives*. This includes the following:

(a) *Strategic Sourcing for the Acquisition of Various Equipment and Supplies (SAVES)*. The SAVES program is a mandatory source for some equipment and office supplies (see AMS Procurement Guidance T3.8.6).

(b) The Dell Blanket Purchase Agreement (BPA).

(2) *Federal Prison Industries, Inc. (FPI) (also known as UNICOR)*. For those products available through FPI, the procedures detailed in AMS Procurement Guidance T3.8.4, Government Sources of Products/Services, must be strictly followed.

(3) *Randolph-Sheppard Act*. The FAA must first consider the blind in the operation of vending facilities. (See AMS Procurement Guidance T3.8.4)

(4) *Javits-Wagner-O'Day Act (JWOD)*. The FAA must first consider items and services available through the AbilityOne Program (formerly JWOD) before going to other sources. (See AMS Procurement Guidance T3.8.4)

(5) *General Services Administration (GSA) Federal Supply Schedules (FSS)*. When procuring items through a GSA FSS, FAA must follow the procedures detailed under AMS Procurement Guidance T3.8.3, Federal Supply Schedules. Note that GSA is not a mandatory source for FAA.

(6) *Section 508 Requirements.* The FAA must procure products and services that comply with Federal requirements for Section 508 of the Rehabilitation Act. (See AMS Procurement Guidance T3.2.2)

(7) *Environmental Requirements.* The FAA should acquire environmentally preferable, energy and water efficient, and recycled content products and services when possible. (See AMS Procurement Guidance T3.6.3 for additional information)

h. *Split Purchase.* A split purchase is a procurement made to avoid established purchase limits, to include single purchase limits and competition thresholds. Split purchases may also include procurement intended to avoid limits governing the use of the purchase card for construction (\$2,000) or services (\$2,500). It is not necessary for the purchase to be in the same day or made by the same cardholder to qualify as a split purchase. One-time increases can be authorized by the Chief of the Contracting Office (COCO).

i. *Use of the Purchase Card as a Payment Vehicle.*

(1) The purchase card may be used as a payment tool against an existing signed contract, lease, or order. This allows users to utilize the purchase card's streamlined payment characteristics when its use alone may be otherwise restricted.

(2) When the purchase card is being used as a payment vehicle against a contract, lease or order, all terms and conditions must be established in writing and be signed by both a warranted CO and the vendor. The contract, lease or order must specifically authorize the use of the purchase card as a payment tool.

(3) Payments must not exceed the cardholder's Single Purchase Limit.

(4) Each payment made using the purchase card against an existing signed contract, lease, or order must include:

(a) Information regarding the source contract, lease, or order, to include the contract/lease/order number, CO, award date, period of performance or delivery date, and proof of funds availability;

(b) A copy of the terms and conditions in the contract, lease, or order authorizing the use of the card;

(c) A copy of the invoice or request for payment;

(d) Proof of delivery;

(e) Evidence that the CO authorizes payment; and

(f) Prior approval by the Approving Official (AO) authorizing the use of the card.

*j. Services Procured Using a Purchase Card.*

(1) The purchase card may be used to procure services under the following guidelines:

(a) The services (e.g., maintenance services) are to be ordered on an as needed basis (e.g. each time a piece of equipment breaks), and the requirement is \$2,500 or less.

(b) *Recurring Services.*

(i) The service requirement does not exceed one (1) year, and is \$2,500 or less per year and does not exceed the cardholder's Single Purchase Limit.

(ii) For any recurring service, the total dollar value of the service must be established at the time of the initial order, despite payment being made monthly.

(iii) The certification of funds availability must be sufficient to cover the entire term of the service, but cannot exceed one year.

(2) Purchase cards must not be used to enter into agreements containing terms and conditions that include termination costs or option periods, or which may incur any contingent liabilities (liabilities that are based on whether or not a future event occurs).

(3) The purchase card must not be used to enter into equipment or other types of leases.

(4) Maintenance agreements are not considered leases, and may be procured using the purchase card.

(5) The purchase card may be used as a payment vehicle against existing service contracts or agreements signed by a CO.

*k. Construction Procured Using a Purchase Card.*

(1) "Construction" means construction, alteration, or repair of buildings, structures, or other real property. For purposes of this definition, the terms "buildings, structures, or other real property" include but are not limited to improvements of all types, such as maintenance facilities, duct banks, air traffic

control facilities, communication towers, radar facilities, office facilities, airport facilities, and navigational aids.

(2) The purchase card may be used to procure construction totaling \$2,000 or less, as long as it does not exceed the cardholder's Single Purchase Limit.

(3) The value of a construction project includes all related work, and may involve multiple purchases (i.e. multiple purchases towards the completion of a single construction project are included in the total value of the work). If the total value of the project is over \$2,000, the purchase card must not be used.

(4) The purchase card may be used as a payment vehicle against an existing construction contract signed by a CO.

l. *Competition and Rational Basis.*

(1) *\$3,000 or less.* Competition is not required for purchases of \$3,000 or less.

(2) *Between \$3,000 and \$10,000.* Competition is encouraged, but not mandatory for purchases between \$3,000 and \$10,000. Purchasers should consider the administrative cost of making the purchase versus potential savings that could result from competition. Purchases between \$3,000 and \$10,000 on a single source basis do not require a signed justification for the single source decision. However, purchasers should use sound business judgment and must document their rationale for not seeking quotes or pricing from two or more sources.

(3) Purchasers should have a rational basis for purchasing decisions. The extent of documentation substantiating purchase decisions depends on the value and circumstances of the purchase. As the value of a purchase increases, the documentation supporting the purchase should increase as well. If the purchase involves an item that is a viable exemption to an applicable prohibition or restriction (See AMS Procurement Guidance T3.2.2.5.A:4, Considerations for Restricted Purchases), then the purchaser must, despite the dollar value of the purchase, document the basis and background for the purchase. The cardholder should also document the background for actions that would appear questionable to a reasonable and prudent person with market knowledge of the products or services being purchased.

(4) *\$10,000 or more.* For approved actions that value \$10,000 or more, applicable AMS requirements for competition or single source procurement apply.

m. *Documentation.*

(1) All cardholder purchase card transactions must be supported by the following:

(a) Certification of prior approval. The cardholder will obtain confirmation of any verbal approval within 10 days of receiving the verbal approval.

(b) Certification of funds availability. Funds certification officers must provide a documented certification of funds availability prior to any purchase. This can be done on a quarterly, semi-annual or annual basis.

(c) A sales slip or invoice.

(d) Document rationale for mandatory sources use or non-use.

(e) Receipt of goods or services.

(i) Where the cardholder is also the receiver, another FAA employee (except for the AO) must confirm receipt of the goods or services by signing the sales slip or invoice.

(ii) Except for items considered sensitive or pilferable, confirmation of receipt of goods or services is not required where the unit price is less than \$200 or the item is being incorporated into a project for a fixed asset (e.g., buildings and other structures).

(iii) Items that are considered sensitive or pilferable include, but are not limited to:

Weapons	Computer hard drives
Firearm periphery equipment such as scopes	External disc drives
Ammunition	Personal Data Assistants (PDA)
Cell phones	Secure fax machines
Pagers	Recording equipment
Encrypted phones	Cameras, non-disposable
Two-way radios.	Test equipment
Laptop computers	Laboratory and medical equipment

(f) Check for exceptions to prohibited purchases (see AMS Procurement Guidance T3.2.2.5.A.2 and this section).

(g) Additional supporting documentation needed for special transactions such as training, convenience checks, etc.

(2) Cardholder purchase card transaction source documentation must be routed as follows:

(a) Cardholder must provide a suspense copy of the purchase card order (documented proof of prior approval) for accountable personal property to the Property Delegate (Property Custodian) in the gaining organization after placing the order.

(b) Cardholder also must provide the Property Custodian (Manager) of the gaining organization documented notification by providing a copy of the purchase card order or by other acceptable means;

(c) After receiving the property, the Cardholder must provide documentation (invoices, sales slips, packing slips and/or receiving reports) for the purchase to the Property Delegate for entry into official agency inventory system and to clear the suspense copy of the purchase card order;

(d) If the source documents have not been received within five (5) business days after the Shipping Date, the Property Delegate must contact the Cardholder to determine the status of the shipment and request copies of the source documents.

(e) More detail relating to Property Custodian/Delegates roles are located on the FAA Intranet at: <http://ats.awa.faa.gov/aaf/afz/500/processguides/processguides.html> under the title FAA Personal Property Process and Procedure Guide 5-22-06

n. *Prohibited Purchases.*

(1) The GSA contract stipulates that the purchase card cannot be used for the following:

(a) Long-term rental or lease of land or buildings. Exception: The purchase card may be used to purchase short-term commercial conference and meeting-room space. (See AMS Procurement Guidance 3.2.2.5A:3 for additional information);

(b) Cash advances, including money orders; and

(c) Telephone services provided through GSA or the local Office of Information Services or Service Center Communications Office. However, telephone equipment may be purchased using the card.

(2) Use of the purchase card for personal purchases or as identification when writing personal checks is prohibited.

(3) Use of the purchase card for travel charge card or travel-related expenses is prohibited. Exception: For Washington, DC, Headquarters only, metro fare cards may be purchased for local travel for official business within the Washington, DC metropolitan area. Proper controls must be established to ensure that fare cards

are not lost or stolen, and use is recorded and monitored to prevent the cards from being used for commuting to and from work. For similar services at other locations, each must be approved by the COCO prior to purchase.

(4) Use of the purchase card to obtain commercial, Government owned or leased vehicles is prohibited. Expenses incurred in the operation, maintenance, and emergency services associated with all FAA-owned and commercially leased **on-road** fueled vehicles (i.e., sedans, station wagons, trucks, sport utility vehicles (SUVs), vans (passenger and cargo), ambulances, buses, tractors, wreckers & carriers) are prohibited. The short-term rental of off-road equipment is allowable using the purchase card.

o. *Restricted Purchases.* Restrictions for all simplified purchases can be found in AMS Procurement Guidance T3.2.2.5A:4.

p. *Purchase Card Use for Non-Monetary Awards.* Refer to AMS Procurement Guidance T3.2.2.5A:2 for additional information.

q. *Third Party On-line Payments.* Cardholders are required to immediately provide the Approving Official written notification (i.e. e-mail or memorandum) when they become aware that a purchase card purchase will be processed by a third party on-line payment company. Also cardholders must provide the approving official a copy of all documentation that supports the on-line payment transaction within five days of item receipt.

r. *Acquisition of Training Services.* The FAA purchase card is encouraged for use to the maximum extent possible to acquire training. If not designated a training coordinator, it is important for the cardholder to ensure that proper coordination of training requirements has taken place prior to training being purchased, e.g. completed training checklist, needs assessment, etc.

s. *Tax Exemption.* At the time of the purchase, cardholders should advise the merchant that the purchase is for official U.S. Government purposes and therefore is not subject to state or local tax. If the vendor wants to clarify this, the back of the card includes an 888 number that may be called for verification. Exceptions do exist for certain state taxes in certain states (i.e. New Mexico or Arizona). For this reason, cardholders should contact legal counsel regarding applicability of any exemptions or other issues related to state or local taxes.

(1) A review should be made of the bank statement for inclusion of sales tax. If sales tax was included, first check for the state exception. If sales tax is charged in error, request a credit from the vendor.

(2) All newly issued purchase cards should be checked to ensure that the Operating Administration's name and the tax ID are embossed on the card.

t. *Finance Office.* Finance offices receive monthly finance office reports from the card-issuing bank that reflects summary totals of all purchases and credits of each cardholder. The finance

office report represents the invoice from the bank and should be date stamped when received. The finance office is responsible for certifying payment for all authorized card purchases.

u. *Deficiencies/Disputes/Damaged Equipment*

(1) If the cardholder finds a discrepancy that is the result of item shortage, receipt of a defective or damaged item, or receipt of the wrong item, the first step is to contact the vendor to seek resolution. The cardholder should request a replacement item or a credit from the vendor. If the vendor agrees to credit a cardholder's account, the credit will appear on the cardholder's electronic account statement the following month. On the statement, the cardholder will need to final approve both actions, also. If the item is rejected by the Government, the cardholder should return the defective, damaged or erroneous item to the vendor within 60 days of receipt.

(2) If the cardholder and vendor cannot reach an agreement on resolution of the discrepancy, then the cardholder must formally dispute the purchase on line with the bank. The bank will credit the purchase cardholder's account until the dispute is resolved.

v. *Lost or Stolen Purchase Cards and/or Compromised Accounts.*

(1) *Reporting Lost or Stolen Purchase Cards and/or Compromised Accounts.* The cardholder must report immediately the loss or theft of their purchase card to the APC, the approving official and the card-issuing bank in order to avoid liability for unauthorized purchases on the card. The cardholder must also report immediately to those indicated above a compromised account (i.e. identity theft) or suspicion of a compromised account. The necessary information to report to the card-issuing bank includes the cardholder's complete name, card number, and purchases made on the date of loss or theft. In the event of theft, the cardholder should also provide the bank the date that the theft was reported to the police.

(2) *Card Re-issuance.* The card-issuing bank will issue a new card to the cardholder within two working days from the time that the loss or theft is reported. A cardholder who reports more than one incident of loss or theft within a 12-month period will require authorization from the COCO in order to have another card re-issued.

w. *Accounting Classification Code Adjustments.* Each cardholder has a primary use or "default" accounting classification code based on the primary use of the card, i.e., whatever the office is primarily purchasing. For example, Flight Standards offices may have a primary use of the card for aircraft rental. The card may be used for purchases other than the "primary use" purpose; however, the action will require a different accounting classification code assignment. All cardholders and approving officials are required to review the monthly bank statements upon receipt each month. The cardholder is required to assign the correct object class code for each

item purchased. The approving official is required to review the statement for accuracy, for potential for split purchases, and to approve each individual transaction.

x. *Internal Controls.* FAA management is responsible for maintaining internal controls that reduce the risk of waste, fraud, and abuse in the FAA purchase card program.

y. *Non-Compliance.* The purchase card is considered Government property. The FAA will comply with the FAPM Letter 2635 Code of Conduct & Discipline Order, HRPM 4.1 on Standards of Conduct, and HROI Table of Penalties for any purchase cardholder, approving official, supervisor, and manager misuse and/or fraud of Government property.

z. *Cardholder Non-Compliance.* The purchase card privileges of any cardholder found to be non-compliant with purchase card guidance twice in a six-month period will be suspended for six months. The cardholder's privileges may be restored upon completion of remedial training or permanently revoked. Notifications regarding non-compliance will be sent to the manager one level above the AO.

aa. *Organizational Standard Operating Procedures.* Organizations may establish internal standard operating procedures (SOP) for their cardholders addressing the processing of purchase card transactions (e.g. the ATO Purchasing SOP). However, SOPs must not diminish or change the intent of AMS Policy or Guidance.

bb. *Automation.* To the extent possible, FAA organizations should implement automation, such as the Purchase Card Processing System (PCPS), to initiate purchases, certify funds availability, and obtain prior approvals for purchases.

**New Content: Procurement Guidance:**

*T3.2.6 - Purchase Card Program*

*Purchase Card Program*

**Section 1 : Purchase Card**

a. *Overview.* The FAA purchase card (i.e. SmartPay Card) is an internationally accepted credit card. The purchase card is issued through General Services Administration (GSA) contract with a credit card bank, e.g., U.S. Bank. FAA employees who receive training and a Delegation of Purchasing Authority (DPA) are authorized to use the card, within the specified dollar limits, to acquire products and services.

b. *Master Contract.* GSA both administers the contract and deals with the day-to-day operations of the Government-wide Purchase Card Program. The GSA Contracting Officer is the only individual authorized to alter the terms and conditions of the contract. Copies of the contract, GS-23F-980002, may be obtained from the following address: General Services Administration, Federal Supply Service, Services Acquisition Center FCXST, Washington, D.C. 20406. The address of U.S. Bank is: U.S. Bank Government Services, P.O. Box 6347, Fargo, ND 58125-6347. The telephone number is 1-888-994-6722, or call collect to 1-701-461-2232 if outside the United States.

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d. *Bank Authorization.* The card-issuing bank has an authorization process whereby the vendor checks via a telecommunications system each time the purchase card is used. This authorization ensures that the purchase is within the limits established for each individual account.

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- (1) Supply purchases on pre-established contracts that allow for the utilization of purchase cards;
- (2) Purchases through strategic sourcing initiatives (i.e. SAVES, Dell BPA); and
- (3) Orders or calls on a BPA, if the cardholder is an authorized user.

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g. *Mandatory Sources and Other Requirements.* When using the purchase card, cardholders must consider the following requirements:

(1) *Strategic Sourcing Initiatives.* This includes the following:

(a) *Strategic Sourcing for the Acquisition of Various Equipment and Supplies (SAVES).* The SAVES program is a mandatory source for some equipment and office supplies (see AMS Procurement Guidance T3.8.6).

(b) The Dell Blanket Purchase Agreement (BPA).

(2) *Federal Prison Industries, Inc. (FPI) (also known as UNICOR).* For those products available through FPI, the procedures detailed in AMS Procurement

Guidance T3.8.4, Government Sources of Products/Services, must be strictly followed.

(3) *Randolph-Sheppard Act*. The FAA must first consider the blind in the operation of vending facilities. (See AMS Procurement Guidance T3.8.4)

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(5) *General Services Administration (GSA) Federal Supply Schedules (FSS)*. When procuring items through a GSA FSS, FAA must follow the procedures detailed under AMS Procurement Guidance T3.8.3, Federal Supply Schedules. Note that GSA is not a mandatory source for FAA.

(6) *Section 508 Requirements*. The FAA must procure products and services that comply with Federal requirements for Section 508 of the Rehabilitation Act. (See AMS Procurement Guidance T3.2.2)

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h. *Split Purchase*. A split purchase is a procurement made to avoid established purchase limits, to include single purchase limits and competition thresholds. Split purchases may also include procurement intended to avoid limits governing the use of the purchase card for construction (\$2,000) or services (\$2,500). It is not necessary for the purchase to be in the same day or made by the same cardholder to qualify as a split purchase. One-time increases can be authorized by the Chief of the Contracting Office (COCO).

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(1) The purchase card may be used as a payment tool against an existing signed contract, lease, or order. This allows users to utilize the purchase card's streamlined payment characteristics when its use alone may be otherwise restricted.

(2) When the purchase card is being used as a payment vehicle against a contract, lease or order, all terms and conditions must be established in writing and be signed by both a warranted CO and the vendor. The contract, lease or order must specifically authorize the use of the purchase card as a payment tool.

(3) Payments must not exceed the cardholder's Single Purchase Limit.

(4) Each payment made using the purchase card against an existing signed contract, lease, or order must include:

- (a) Information regarding the source contract, lease, or order, to include the contract/lease/order number, CO, award date, period of performance or delivery date, and proof of funds availability;
- (b) A copy of the terms and conditions in the contract, lease, or order authorizing the use of the card;
- (c) A copy of the invoice or request for payment;
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- (e) Evidence that the CO authorizes payment; and
- (f) Prior approval by the Approving Official (AO) authorizing the use of the card.

*j. Services Procured Using a Purchase Card.*

(1) The purchase card may be used to procure services under the following guidelines:

(a) The services (e.g., maintenance services) are to be ordered on an as needed basis (e.g. each time a piece of equipment breaks), and the requirement is \$2,500 or less.

(b) *Recurring Services.*

(i) The service requirement does not exceed one (1) year, and is \$2,500 or less per year and does not exceed the cardholder's Single Purchase Limit.

(ii) For any recurring service, the total dollar value of the service must be established at the time of the initial order, despite payment being made monthly.

(iii) The certification of funds availability must be sufficient to cover the entire term of the service, but cannot exceed one year.

(2) Purchase cards must not be used to enter into agreements containing terms and conditions that include termination costs or option periods, or which may incur any contingent liabilities (liabilities that are based on whether or not a future event occurs).

(3) The purchase card must not be used to enter into equipment or other types of leases.

(4) Maintenance agreements are not considered leases, and may be procured using the purchase card.

(5) The purchase card may be used as a payment vehicle against existing service contracts or agreements signed by a CO.

k. *Construction Procured Using a Purchase Card.*

(1) "Construction" means construction, alteration, or repair of buildings, structures, or other real property. For purposes of this definition, the terms "buildings, structures, or other real property" include but are not limited to improvements of all types, such as maintenance facilities, duct banks, air traffic control facilities, communication towers, radar facilities, office facilities, airport facilities, and navigational aids.

(2) The purchase card may be used to procure construction totaling \$2,000 or less, as long as it does not exceed the cardholder's Single Purchase Limit.

(3) The value of a construction project includes all related work, and may involve multiple purchases (i.e. multiple purchases towards the completion of a single construction project are included in the total value of the work). If the total value of the project is over \$2,000, the purchase card must not be used.

(4) The purchase card may be used as a payment vehicle against an existing construction contract signed by a CO.

l. *Competition and Rational Basis.*

(1) *\$3,000 or less.* Competition is not required for purchases of \$3,000 or less.

(2) *In excess of \$3,000 and not in excess of \$10,000.* Competition is encouraged, but not mandatory for purchases in excess of \$3,000 and not in excess of \$10,000. Purchasers should consider the administrative cost of making the purchase versus potential savings that could result from competition. Purchases in excess of \$3,000 and not in excess of \$10,000 on a single source basis do not require a signed justification for the single source decision. However, purchasers should use sound business judgment and must document their rationale for not seeking quotes or pricing from two or more sources.

(3) Purchasers should have a rational basis for purchasing decisions. The extent of documentation substantiating purchase decisions depends on the value and circumstances of the purchase. As the value of a purchase increases, the

documentation supporting the purchase should increase as well. If the purchase involves an item that is a viable exemption to an applicable prohibition or restriction (See AMS Procurement Guidance T3.2.2.5.A:4, Considerations for Restricted Purchases), then the purchaser must, despite the dollar value of the purchase, document the basis and background for the purchase. The cardholder should also document the background for actions that would appear questionable to a reasonable and prudent person with market knowledge of the products or services being purchased.

(4) In excess of \$10,000. For approved actions that value in excess of \$10,000, applicable AMS requirements for competition or single source procurement apply.

m. *Documentation.*

(1) All cardholder purchase card transactions must be supported by the following:

(a) Certification of prior approval. The cardholder will obtain confirmation of any verbal approval within 10 days of receiving the verbal approval.

(b) Certification of funds availability. Funds certification officers must provide a documented certification of funds availability prior to any purchase. This can be done on a quarterly, semi-annual or annual basis.

(c) A sales slip or invoice.

(d) Document rationale for mandatory sources use or non-use.

(e) Receipt of goods or services.

(i) Where the cardholder is also the receiver, another FAA employee (except for the AO) must confirm receipt of the goods or services by signing the sales slip or invoice.

(ii) Except for items considered sensitive or pilferable, confirmation of receipt of goods or services is not required where the unit price is less than \$200 or the item is being incorporated into a project for a fixed asset (e.g., buildings and other structures).

(iii) Items that are considered sensitive or pilferable include, but are not limited to:

Weapons	Computer hard drives
Firearm periphery equipment such as scopes	External disc drives

Ammunition	Personal Data Assistants (PDA)
Cell phones	Secure fax machines
Pagers	Recording equipment
Encrypted phones	Cameras, non-disposable
Two-way radios.	Test equipment
Laptop computers	Laboratory and medical equipment

(f) Check for exceptions to prohibited purchases (see AMS Procurement Guidance T3.2.2.5.A.2 and this section).

(g) Additional supporting documentation needed for special transactions such as training, convenience checks, etc.

(2) Cardholder purchase card transaction source documentation must be routed as follows:

(a) Cardholder must provide a suspense copy of the purchase card order (documented proof of prior approval) for accountable personal property to the Property Delegate (Property Custodian) in the gaining organization after placing the order.

(b) Cardholder also must provide the Property Custodian (Manager) of the gaining organization documented notification by providing a copy of the purchase card order or by other acceptable means;

(c) After receiving the property, the Cardholder must provide documentation (invoices, sales slips, packing slips and/or receiving reports) for the purchase to the Property Delegate for entry into official agency inventory system and to clear the suspense copy of the purchase card order;

(d) If the source documents have not been received within five (5) business days after the Shipping Date, the Property Delegate must contact the Cardholder to determine the status of the shipment and request copies of the source documents.

(e) More detail relating to Property Custodian/Delegates roles are located on the FAA Intranet at: <http://ats.awa.faa.gov/aaf/afz/500/processguides/processguides.html> under the title FAA Personal Property Process and Procedure Guide 5-22-06

*n. Prohibited Purchases.*

(1) The GSA contract stipulates that the purchase card cannot be used for the following:

(a) Long-term rental or lease of land or buildings. Exception: The purchase card may be used to purchase short-term commercial conference and meeting-room space. (See AMS Procurement Guidance 3.2.2.5A:3 for additional information);

(b) Cash advances, including money orders; and

(c) Telephone services provided through GSA or the local Office of Information Services or Service Center Communications Office. However, telephone equipment may be purchased using the card.

(2) Use of the purchase card for personal purchases or as identification when writing personal checks is prohibited.

(3) Use of the purchase card for travel charge card or travel-related expenses is prohibited. Exception: For Washington, DC, Headquarters only, metro fare cards may be purchased for local travel for official business within the Washington, DC metropolitan area. Proper controls must be established to ensure that fare cards are not lost or stolen, and use is recorded and monitored to prevent the cards from being used for commuting to and from work. For similar services at other locations, each must be approved by the COCO prior to purchase.

(4) Use of the purchase card to obtain commercial, Government owned or leased vehicles is prohibited. Expenses incurred in the operation, maintenance, and emergency services associated with all FAA-owned and commercially leased **on-road** fueled vehicles (i.e., sedans, station wagons, trucks, sport utility vehicles (SUVs), vans (passenger and cargo), ambulances, buses, tractors, wreckers & carriers) are prohibited. The short-term rental of off-road equipment is allowable using the purchase card.

o. *Restricted Purchases.* Restrictions for all simplified purchases can be found in AMS Procurement Guidance T3.2.2.5A:4.

p. *Purchase Card Use for Non-Monetary Awards.* Refer to AMS Procurement Guidance T3.2.2.5A:2 for additional information.

q. *Third Party On-line Payments.* Cardholders are required to immediately provide the Approving Official written notification (i.e. e-mail or memorandum) when they become aware that a purchase card purchase will be processed by a third party on-line payment company. Also cardholders must provide the approving official a copy of all documentation that supports the on-line payment transaction within five days of item receipt.

r. *Acquisition of Training Services.* The FAA purchase card is encouraged for use to the maximum extent possible to acquire training. If not designated a training coordinator, it is important for the cardholder to ensure that proper coordination of training requirements has

taken place prior to training being purchased, e.g. completed training checklist, needs assessment, etc.

s. *Tax Exemption.* At the time of the purchase, cardholders should advise the merchant that the purchase is for official U.S. Government purposes and therefore is not subject to state or local tax. If the vendor wants to clarify this, the back of the card includes an 888 number that may be called for verification. Exceptions do exist for certain state taxes in certain states (i.e. New Mexico or Arizona). For this reason, cardholders should contact legal counsel regarding applicability of any exemptions or other issues related to state or local taxes.

(1) A review should be made of the bank statement for inclusion of sales tax. If sales tax was included, first check for the state exception. If sales tax is charged in error, request a credit from the vendor.

(2) All newly issued purchase cards should be checked to ensure that the Operating Administration's name and the tax ID are embossed on the card.

t. *Finance Office.* Finance offices receive monthly finance office reports from the card-issuing bank that reflects summary totals of all purchases and credits of each cardholder. The finance office report represents the invoice from the bank and should be date stamped when received. The finance office is responsible for certifying payment for all authorized card purchases.

u. *Deficiencies/Disputes/Damaged Equipment*

(1) If the cardholder finds a discrepancy that is the result of item shortage, receipt of a defective or damaged item, or receipt of the wrong item, the first step is to contact the vendor to seek resolution. The cardholder should request a replacement item or a credit from the vendor. If the vendor agrees to credit a cardholder's account, the credit will appear on the cardholder's electronic account statement the following month. On the statement, the cardholder will need to final approve both actions, also. If the item is rejected by the Government, the cardholder should return the defective, damaged or erroneous item to the vendor within 60 days of receipt.

(2) If the cardholder and vendor cannot reach an agreement on resolution of the discrepancy, then the cardholder must formally dispute the purchase on line with the bank. The bank will credit the purchase cardholder's account until the dispute is resolved.

v. *Lost or Stolen Purchase Cards and/or Compromised Accounts.*

(1) *Reporting Lost or Stolen Purchase Cards and/or Compromised Accounts.* The cardholder must report immediately the loss or theft of their purchase card to the APC, the approving official and the card-issuing bank in order to avoid liability for unauthorized purchases on the card. The cardholder must also report

immediately to those indicated above a compromised account (i.e. identity theft) or suspicion of a compromised account. The necessary information to report to the card-issuing bank includes the cardholder's complete name, card number, and purchases made on the date of loss or theft. In the event of theft, the cardholder should also provide the bank the date that the theft was reported to the police.

(2) *Card Re-issuance.* The card-issuing bank will issue a new card to the cardholder within two working days from the time that the loss or theft is reported. A cardholder who reports more than one incident of loss or theft within a 12-month period will require authorization from the COCO in order to have another card re-issued.

w. *Accounting Classification Code Adjustments.* Each cardholder has a primary use or "default" accounting classification code based on the primary use of the card, i.e., whatever the office is primarily purchasing. For example, Flight Standards offices may have a primary use of the card for aircraft rental. The card may be used for purchases other than the "primary use" purpose; however, the action will require a different accounting classification code assignment. All cardholders and approving officials are required to review the monthly bank statements upon receipt each month. The cardholder is required to assign the correct object class code for each item purchased. The approving official is required to review the statement for accuracy, for potential for split purchases, and to approve each individual transaction.

x. *Internal Controls.* FAA management is responsible for maintaining internal controls that reduce the risk of waste, fraud, and abuse in the FAA purchase card program.

y. *Non-Compliance.* The purchase card is considered Government property. The FAA will comply with the FAPM Letter 2635 Code of Conduct & Discipline Order, HRPM 4.1 on Standards of Conduct, and HROI Table of Penalties for any purchase cardholder, approving official, supervisor, and manager misuse and/or fraud of Government property.

z. *Cardholder Non-Compliance.* The purchase card privileges of any cardholder found to be non-compliant with purchase card guidance twice in a six-month period will be suspended for six months. The cardholder's privileges may be restored upon completion of remedial training or permanently revoked. Notifications regarding non-compliance will be sent to the manager one level above the AO.

aa. *Organizational Standard Operating Procedures.* Organizations may establish internal standard operating procedures (SOP) for their cardholders addressing the processing of purchase card transactions (e.g. the ATO Purchasing SOP). However, SOPs must not diminish or change the intent of AMS Policy or Guidance.

bb. *Automation.* To the extent possible, FAA organizations should implement automation, such as the Purchase Card Processing System (PCPS), to initiate purchases, certify funds availability, and obtain prior approvals for purchases.

**Red Line Content: Procurement Guidance:**

*T3.2.6 - Purchase Card Program*

*Purchase Card Program*

**Section 1 : Purchase Card**

a. *Overview.* The FAA purchase card (i.e. SmartPay Card) is an internationally accepted credit card. The purchase card is issued through General Services Administration (GSA) contract with a credit card bank, e.g., U.S. Bank. FAA employees who receive training and a Delegation of Purchasing Authority (DPA) are authorized to use the card, within the specified dollar limits, to acquire products and services.

b. *Master Contract.* GSA both administers the contract and deals with the day-to-day operations of the Government-wide Purchase Card Program. The GSA Contracting Officer is the only individual authorized to alter the terms and conditions of the contract. Copies of the contract, GS-23F-980002, may be obtained from the following address: General Services Administration, Federal Supply Service, Services Acquisition Center FCXST, Washington, D.C. 20406. The address of U.S. Bank is: U.S. Bank Government Services, P.O. Box 6347, Fargo, ND 58125-6347. The telephone number is 1-888-994-6722, or call collect to 1-701-461-2232 if outside the United States.

c. *Purpose of Card.* The FAA purchase card is intended to streamline procurement and payment procedures and to reduce the administrative burden associated with traditional and emergency purchasing of products and services under simplified purchasing. The purchase card may be used to pay for authorized FAA purchases made using other contract vehicles such as contracts, BPAs, and purchase orders, and should be the "primary purchasing method" when vendors accept credit cards for simplified purchases, unless otherwise prohibited (See AMS Procurement Guidance T3.2.2.5.A:2).

d. *Bank Authorization.* The card-issuing bank has an authorization process whereby the vendor checks via a telecommunications system each time the purchase card is used. This authorization ensures that the purchase is within the limits established for each individual account.

e. *Maximum Single Purchase Limit.* The maximum Single Purchase Limit that may be delegated to an un-warranted cardholder is \$10,000 (this limit applies to new delegations issued after January 12, 2009; all delegations issued before this date are unchanged and "grandfathered" at the limit established by the Chief of the Contracting Office in a Delegation of Purchasing Authority). Cardholders must not exceed their single and monthly purchase limits. Purchases must not be "split" in order to circumvent these single purchase limits. The Chief of the Contracting Office (COCO) may grant individual allowances (no blanket allowances) for commodity purchases over \$10,000. An allowance may include:

- (1) Supply purchases on pre-established contracts that allow for the utilization of purchase cards;
- (2) Purchases through strategic sourcing initiatives (i.e. SAVES, Dell BPA); and

(3) Orders or calls on a BPA, if the cardholder is an authorized user.

f. *Emergencies*. The COCO may grant allowances for purchases over \$10,000 in response to a bona-fide emergency.

g. *Mandatory Sources and Other Requirements*. When using the purchase card, cardholders must consider the following requirements:

(1) *Strategic Sourcing Initiatives*. This includes the following:

(a) *Strategic Sourcing for the Acquisition of Various Equipment and Supplies (SAVES)*. The SAVES program is a mandatory source for some equipment and office supplies (see AMS Procurement Guidance T3.8.6).

(b) The Dell Blanket Purchase Agreement (BPA).

(2) *Federal Prison Industries, Inc. (FPI) (also known as UNICOR)*. For those products available through FPI, the procedures detailed in AMS Procurement Guidance T3.8.4, Government Sources of Products/Services, must be strictly followed.

(3) *Randolph-Sheppard Act*. The FAA must first consider the blind in the operation of vending facilities. (See AMS Procurement Guidance T3.8.4)

(4) *Javits-Wagner-O'Day Act (JWOD)*. The FAA must first consider items and services available through the AbilityOne Program (formerly JWOD) before going to other sources. (See AMS Procurement Guidance T3.8.4)

(5) *General Services Administration (GSA) Federal Supply Schedules (FSS)*. When procuring items through a GSA FSS, FAA must follow the procedures detailed under AMS Procurement Guidance T3.8.3, Federal Supply Schedules. Note that GSA is not a mandatory source for FAA.

(6) *Section 508 Requirements*. The FAA must procure products and services that comply with Federal requirements for Section 508 of the Rehabilitation Act. (See AMS Procurement Guidance T3.2.2)

(7) *Environmental Requirements*. The FAA should acquire environmentally preferable, energy and water efficient, and recycled content products and services when possible. (See AMS Procurement Guidance T3.6.3 for additional information)

h. *Split Purchase*. A split purchase is a procurement made to avoid established purchase limits, to include single purchase limits and competition thresholds. Split purchases may also include procurement intended to avoid limits governing the use of the purchase card for construction

(\$2,000) or services (\$2,500). It is not necessary for the purchase to be in the same day or made by the same cardholder to qualify as a split purchase. One-time increases can be authorized by the Chief of the Contracting Office (COCO).

*i. Use of the Purchase Card as a Payment Vehicle.*

(1) The purchase card may be used as a payment tool against an existing signed contract, lease, or order. This allows users to utilize the purchase card's streamlined payment characteristics when its use alone may be otherwise restricted.

(2) When the purchase card is being used as a payment vehicle against a contract, lease or order, all terms and conditions must be established in writing and be signed by both a warranted CO and the vendor. The contract, lease or order must specifically authorize the use of the purchase card as a payment tool.

(3) Payments must not exceed the cardholder's Single Purchase Limit.

(4) Each payment made using the purchase card against an existing signed contract, lease, or order must include:

(a) Information regarding the source contract, lease, or order, to include the contract/lease/order number, CO, award date, period of performance or delivery date, and proof of funds availability;

(b) A copy of the terms and conditions in the contract, lease, or order authorizing the use of the card;

(c) A copy of the invoice or request for payment;

(d) Proof of delivery;

(e) Evidence that the CO authorizes payment; and

(f) Prior approval by the Approving Official (AO) authorizing the use of the card.

*j. Services Procured Using a Purchase Card.*

(1) The purchase card may be used to procure services under the following guidelines:

(a) The services (e.g., maintenance services) are to be ordered on an as needed basis (e.g. each time a piece of equipment breaks), and the requirement is \$2,500 or less.

(b) *Recurring Services.*

(i) The service requirement does not exceed one (1) year, and is \$2,500 or less per year and does not exceed the cardholder's Single Purchase Limit.

(ii) For any recurring service, the total dollar value of the service must be established at the time of the initial order, despite payment being made monthly.

(iii) The certification of funds availability must be sufficient to cover the entire term of the service, but cannot exceed one year.

(2) Purchase cards must not be used to enter into agreements containing terms and conditions that include termination costs or option periods, or which may incur any contingent liabilities (liabilities that are based on whether or not a future event occurs).

(3) The purchase card must not be used to enter into equipment or other types of leases.

(4) Maintenance agreements are not considered leases, and may be procured using the purchase card.

(5) The purchase card may be used as a payment vehicle against existing service contracts or agreements signed by a CO.

k. *Construction Procured Using a Purchase Card.*

(1) "Construction" means construction, alteration, or repair of buildings, structures, or other real property. For purposes of this definition, the terms "buildings, structures, or other real property" include but are not limited to improvements of all types, such as maintenance facilities, duct banks, air traffic control facilities, communication towers, radar facilities, office facilities, airport facilities, and navigational aids.

(2) The purchase card may be used to procure construction totaling \$2,000 or less, as long as it does not exceed the cardholder's Single Purchase Limit.

(3) The value of a construction project includes all related work, and may involve multiple purchases (i.e. multiple purchases towards the completion of a single construction project are included in the total value of the work). If the total value of the project is over \$2,000, the purchase card must not be used.

(4) The purchase card may be used as a payment vehicle against an existing construction contract signed by a CO.

1. *Competition and Rational Basis.*

(1) *\$3,000 or less.* Competition is not required for purchases of \$3,000 or less.

(2) *In Between* ~~excess of~~ \$3,000 and *not in excess of* \$10,000. Competition is encouraged, but not mandatory for purchases ~~in between~~ *excess of* \$3,000 and *not in excess of* \$10,000. Purchasers should consider the administrative cost of making the purchase versus potential savings that could result from competition. Purchases ~~in between~~ *excess of* \$3,000 and *not in excess of* \$10,000 on a single source basis do not require a signed justification for the single source decision. However, purchasers should use sound business judgment and must document their rationale for not seeking quotes or pricing from two or more sources.

(3) Purchasers should have a rational basis for purchasing decisions. The extent of documentation substantiating purchase decisions depends on the value and circumstances of the purchase. As the value of a purchase increases, the documentation supporting the purchase should increase as well. If the purchase involves an item that is a viable exemption to an applicable prohibition or restriction (See AMS Procurement Guidance T3.2.2.5.A:4, Considerations for Restricted Purchases), then the purchaser must, despite the dollar value of the purchase, document the basis and background for the purchase. The cardholder should also document the background for actions that would appear questionable to a reasonable and prudent person with market knowledge of the products or services being purchased.

(4) *In excess of* \$10,000 ~~or more~~. For approved actions that value *in excess of* \$10,000 ~~or more~~, applicable AMS requirements for competition or single source procurement apply.

m. *Documentation.*

(1) All cardholder purchase card transactions must be supported by the following:

(a) Certification of prior approval. The cardholder will obtain confirmation of any verbal approval within 10 days of receiving the verbal approval.

(b) Certification of funds availability. Funds certification officers must provide a documented certification of funds availability prior to any purchase. This can be done on a quarterly, semi-annual or annual basis.

(c) A sales slip or invoice.

(d) Document rationale for mandatory sources use or non-use.

(e) Receipt of goods or services.

(i) Where the cardholder is also the receiver, another FAA employee (except for the AO) must confirm receipt of the goods or services by signing the sales slip or invoice.

(ii) Except for items considered sensitive or pilferable, confirmation of receipt of goods or services is not required where the unit price is less than \$200 or the item is being incorporated into a project for a fixed asset (e.g., buildings and other structures).

(iii) Items that are considered sensitive or pilferable include, but are not limited to:

Weapons	Computer hard drives
Firearm periphery equipment such as scopes	External disc drives
Ammunition	Personal Data Assistants (PDA)
Cell phones	Secure fax machines
Pagers	Recording equipment
Encrypted phones	Cameras, non-disposable
Two-way radios.	Test equipment
Laptop computers	Laboratory and medical equipment

(f) Check for exceptions to prohibited purchases (see AMS Procurement Guidance T3.2.2.5.A.2 and this section).

(g) Additional supporting documentation needed for special transactions such as training, convenience checks, etc.

(2) Cardholder purchase card transaction source documentation must be routed as follows:

(a) Cardholder must provide a suspense copy of the purchase card order (documented proof of prior approval) for accountable personal property to the Property Delegate (Property Custodian) in the gaining organization after placing the order.

(b) Cardholder also must provide the Property Custodian (Manager) of the gaining organization documented notification by providing a copy of the purchase card order or by other acceptable means;

(c) After receiving the property, the Cardholder must provide documentation (invoices, sales slips, packing slips and/or receiving reports) for the purchase to the Property Delegate for entry into official agency inventory system and to clear the suspense copy of the purchase card order;

(d) If the source documents have not been received within five (5) business days after the Shipping Date, the Property Delegate must contact the Cardholder to determine the status of the shipment and request copies of the source documents.

(e) More detail relating to Property Custodian/Delegates roles are located on the FAA Intranet at: <http://ats.awa.faa.gov/aaf/afz/500/processguides/processguides.html> under the title FAA Personal Property Process and Procedure Guide 5-22-06

n. *Prohibited Purchases.*

(1) The GSA contract stipulates that the purchase card cannot be used for the following:

(a) Long-term rental or lease of land or buildings. Exception: The purchase card may be used to purchase short-term commercial conference and meeting-room space. (See AMS Procurement Guidance 3.2.2.5A:3 for additional information);

(b) Cash advances, including money orders; and

(c) Telephone services provided through GSA or the local Office of Information Services or Service Center Communications Office. However, telephone equipment may be purchased using the card.

(2) Use of the purchase card for personal purchases or as identification when writing personal checks is prohibited.

(3) Use of the purchase card for travel charge card or travel-related expenses is prohibited. Exception: For Washington, DC, Headquarters only, metro fare cards may be purchased for local travel for official business within the Washington, DC metropolitan area. Proper controls must be established to ensure that fare cards are not lost or stolen, and use is recorded and monitored to prevent the cards from being used for commuting to and from work. For similar services at other locations, each must be approved by the COCO prior to purchase.

(4) Use of the purchase card to obtain commercial, Government owned or leased vehicles is prohibited. Expenses incurred in the operation, maintenance, and emergency services associated with all FAA-owned and commercially leased **on-road** fueled vehicles (i.e., sedans, station wagons, trucks, sport utility vehicles (SUVs), vans (passenger and cargo), ambulances, buses, tractors, wreckers &

carriers) are prohibited. The short-term rental of off-road equipment is allowable using the purchase card.

o. *Restricted Purchases.* Restrictions for all simplified purchases can be found in AMS Procurement Guidance T3.2.2.5A:4.

p. *Purchase Card Use for Non-Monetary Awards.* Refer to AMS Procurement Guidance T3.2.2.5A:2 for additional information.

q. *Third Party On-line Payments.* Cardholders are required to immediately provide the Approving Official written notification (i.e. e-mail or memorandum) when they become aware that a purchase card purchase will be processed by a third party on-line payment company. Also cardholders must provide the approving official a copy of all documentation that supports the on-line payment transaction within five days of item receipt.

r. *Acquisition of Training Services.* The FAA purchase card is encouraged for use to the maximum extent possible to acquire training. If not designated a training coordinator, it is important for the cardholder to ensure that proper coordination of training requirements has taken place prior to training being purchased, e.g. completed training checklist, needs assessment, etc.

s. *Tax Exemption.* At the time of the purchase, cardholders should advise the merchant that the purchase is for official U.S. Government purposes and therefore is not subject to state or local tax. If the vendor wants to clarify this, the back of the card includes an 888 number that may be called for verification. Exceptions do exist for certain state taxes in certain states (i.e. New Mexico or Arizona). For this reason, cardholders should contact legal counsel regarding applicability of any exemptions or other issues related to state or local taxes.

(1) A review should be made of the bank statement for inclusion of sales tax. If sales tax was included, first check for the state exception. If sales tax is charged in error, request a credit from the vendor.

(2) All newly issued purchase cards should be checked to ensure that the Operating Administration's name and the tax ID are embossed on the card.

t. *Finance Office.* Finance offices receive monthly finance office reports from the card-issuing bank that reflects summary totals of all purchases and credits of each cardholder. The finance office report represents the invoice from the bank and should be date stamped when received. The finance office is responsible for certifying payment for all authorized card purchases.

u. *Deficiencies/Disputes/Damaged Equipment*

(1) If the cardholder finds a discrepancy that is the result of item shortage, receipt of a defective or damaged item, or receipt of the wrong item, the first step is to contact the vendor to seek resolution. The cardholder should request a

replacement item or a credit from the vendor. If the vendor agrees to credit a cardholder's account, the credit will appear on the cardholder's electronic account statement the following month. On the statement, the cardholder will need to final approve both actions, also. If the item is rejected by the Government, the cardholder should return the defective, damaged or erroneous item to the vendor within 60 days of receipt.

(2) If the cardholder and vendor cannot reach an agreement on resolution of the discrepancy, then the cardholder must formally dispute the purchase on line with the bank. The bank will credit the purchase cardholder's account until the dispute is resolved.

v. *Lost or Stolen Purchase Cards and/or Compromised Accounts.*

(1) *Reporting Lost or Stolen Purchase Cards and/or Compromised Accounts.* The cardholder must report immediately the loss or theft of their purchase card to the APC, the approving official and the card-issuing bank in order to avoid liability for unauthorized purchases on the card. The cardholder must also report immediately to those indicated above a compromised account (i.e. identity theft) or suspicion of a compromised account. The necessary information to report to the card-issuing bank includes the cardholder's complete name, card number, and purchases made on the date of loss or theft. In the event of theft, the cardholder should also provide the bank the date that the theft was reported to the police.

(2) *Card Re-issuance.* The card-issuing bank will issue a new card to the cardholder within two working days from the time that the loss or theft is reported. A cardholder who reports more than one incident of loss or theft within a 12-month period will require authorization from the COCO in order to have another card re-issued.

w. *Accounting Classification Code Adjustments.* Each cardholder has a primary use or "default" accounting classification code based on the primary use of the card, i.e., whatever the office is primarily purchasing. For example, Flight Standards offices may have a primary use of the card for aircraft rental. The card may be used for purchases other than the "primary use" purpose; however, the action will require a different accounting classification code assignment. All cardholders and approving officials are required to review the monthly bank statements upon receipt each month. The cardholder is required to assign the correct object class code for each item purchased. The approving official is required to review the statement for accuracy, for potential for split purchases, and to approve each individual transaction.

x. *Internal Controls.* FAA management is responsible for maintaining internal controls that reduce the risk of waste, fraud, and abuse in the FAA purchase card program.

y. *Non-Compliance.* The purchase card is considered Government property. The FAA will comply with the FAPM Letter 2635 Code of Conduct & Discipline Order, HRP 4.1 on

Standards of Conduct, and HROI Table of Penalties for any purchase cardholder, approving official, supervisor, and manager misuse and/or fraud of Government property.

z. *Cardholder Non-Compliance.* The purchase card privileges of any cardholder found to be non-compliant with purchase card guidance twice in a six-month period will be suspended for six months. The cardholder's privileges may be restored upon completion of remedial training or permanently revoked. Notifications regarding non-compliance will be sent to the manager one level above the AO.

aa. *Organizational Standard Operating Procedures.* Organizations may establish internal standard operating procedures (SOP) for their cardholders addressing the processing of purchase card transactions (e.g. the ATO Purchasing SOP). However, SOPs must not diminish or change the intent of AMS Policy or Guidance.

bb. *Automation.* To the extent possible, FAA organizations should implement automation, such as the Purchase Card Processing System (PCPS), to initiate purchases, certify funds availability, and obtain prior approvals for purchases.

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### **Section 1 : Simplified Purchasing**

**Old Content:** Procurement Guidance:

*T3.2.2.5 - Simplified Purchase Method*

*Simplified Purchasing*

#### **Section 1 : Simplified Purchasing**

a. *Scope of Simplified Purchasing.* Simplified purchasing covers methods used to obtain noncomplex products, services, or construction through a contract, purchase order, blanket purchase agreement, and Federal Supply Schedule order. Simplified purchase methods apply to noncomplex products, services, or construction that have been sold at established catalog or market prices or where prices can be determined fair and reasonable (see AMS Policy 3.2.2.5).

b. *Simplified Purchasing vs. Complex Source Selection.* The complexity of FAA's requirement shapes the complexity of the process to solicit, evaluate, and select a vendor. Contracting methods described in AMS Policy 3.2.2.3, Complex Source Selection, are generally not a time and cost efficient means for acquiring noncomplex products, services, or construction. There are exceptions to this consideration, such as when the procurement involves cost-reimbursement pricing or indefinite-delivery arrangements, both noncomplex and complex work is required, in-depth evaluation is needed to select the best qualified vendor, or extensive contract terms and conditions are necessary.

c. Authorized users of the FAA purchase card must use methods described in T3.2.6 when procuring items; however, Contracting Officers (CO) or others delegated procurement authority outside of the purchase card program may determine which purchasing method is appropriate, either Simplified Purchase Method or Complex Source Selection, based on the factors surrounding each procurement.

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d. *Funding*. All applicable funding requirements detailed in AMS Procurement Guidance T3.3.1 apply to procurement conducted using simplified methods. This includes:

- (1) Compliance with the Anti-Deficiency Act;
- (2) Ensuring sufficient funds are available;
- (3) Ensuring awards made subject to the availability of funds include the appropriate AMS Clauses (i.e., AMS Clause 3.3.1-10, Availability of Funds, or AMS Clause 3.3.1-11, Availability of Funds for the Next Fiscal Year); and
- (4) Ensuring that severable services crossing fiscal years are awarded using appropriate funds, and that the contract period does not exceed one year.

e. *Mandatory Sources and Other Requirements*. When using simplified purchase methods, COs or others with procurement authority (to include purchase card holders) must consider the following requirements:

(1) *Strategic Sourcing Initiatives*. This includes the following:

(a) Strategic Sourcing for the Acquisition of Various Equipment and Supplies (SAVES). The SAVES program is a mandatory source for some equipment and office supplies (see AMS Procurement Guidance T3.8.6).

(b) The Dell Blanket Purchase Agreement (BPA).

(2) *Federal Prison Industries, Inc. (FPI) (also known as UNICOR)*. For those products available through FPI, the procedures detailed in AMS Procurement Guidance T3.8.4, Government Sources of Products/Services, must be strictly followed.

(3) *Randolph-Sheppard Act*. FAA must first consider the blind in the operation of vending facilities. (See AMS Procurement Guidance T3.8.4)

(4) *Javits-Wagner-O'Day Act (JWOD)*. FAA must first consider items and services available through the AbilityOne Program (formerly JWOD) before going to other sources. (See AMS Procurement Guidance T3.8.4)

(5) *General Services Administration (GSA) Federal Supply Schedules (FSS)*. When procuring items through a GSA FSS, FAA must follow the procedures detailed under AMS Procurement Guidance T3.8.3, Federal Supply Schedules. Note that GSA is not a mandatory source for FAA.

(6) *Section 508 Requirements*. FAA must procure products and services that comply with federal requirements for Section 508 of the Rehabilitation Act. (See AMS Procurement Guidance T3.2.2)

(7) *Environmental Requirements.* FAA should acquire environmentally preferable, energy and water efficient, and recycled content products and services when possible. (See AMS Procurement Guidance T3.6.3 for additional information)

(8) *Labor Laws.* Depending on the nature of the requirement, FAA must comply with applicable labor laws when conducting procurements (i.e. the Davis Bacon Act for construction of over \$2,000, the Service Contract for applicable services over \$2,500, and the Walsh-Healey Public Contracts Act for materials, supplies, articles, or equipment exceeding \$10,000). (See AMS Procurement Guidance T3.6.2 for additional information)

f. *Set-asides.* Purchases with an anticipated value between \$10,000 and \$100,000, except those conducted using a purchase card, are automatically reserved for competition among SEDB 8(a) vendors, unless the purchaser, with review of the cognizant Small and Small Disadvantaged Utilization Specialist, determines there is not a reasonable expectation of obtaining quotes or offers from responsible SEDB 8(a) concerns that are competitive in terms of market prices, quality, and delivery. More information on set-asides, to include SEDB 8(a) and others, is available in AMS Procurement Guidance T3.6.1.

g. *Competition.*

(1) *Over \$10,000.* Purchases over \$10,000 must be competed among two or more qualified vendors, unless the proposed action is supported by a single source justification or is set-aside under a small business preference program authorizing noncompetitive awards.

(2) *Under \$10,000.* Competition is encouraged, but not mandatory for purchases under \$10,000. Purchasers should consider the administrative cost of the purchase versus potential savings that could result from competition. Purchases under \$10,000 on a single source basis do not require file documentation justifying the single source decision. However, purchasers should use sound business judgment and have a documented reasonable basis for any decisions involving purchases.

(3) Purchasers may obtain competition by reviewing commercial catalog/price lists, or by soliciting quotes informally by telephone, email, or fax, or formally through written or electronic methods of request for quotation or offer.

h. *Solicitation.*

(1) *Request for Quotation.* A request for quotations (RFQ) may be used to obtain information on prices and availability of products and services. An RFQ is generally used when the purchaser expects to place an order, but does not wish to bind the vendor at the time the quotation is received. All of the terms and conditions to be included in any purchase that may result from the RFQ are to be included in the RFQ. An RFQ may be either written or oral.

(2) *Request for Offer.* A request for offer (RFO) is appropriate when the purchaser needs some amount of discussion to clearly communicate needs and to understand products and services being offered. The purchaser should discuss all aspects of the RFO, including quality, warranty, payment and other significant aspects included in a written RFO. An RFO may be used when non-price-related information and evaluation is necessary.

i. *Discounts.* Quantity discounts are usually offered for purchasing a specific quantity or dollar value of items at one time, or a specified dollar total over an agreed-upon time period. A trade discount from the catalog/commercial list price is one that is offered to all customers by a vendor. This may include promotion of seasonal, new or slow-selling items or special discounts offered by a manufacturer or dealer. A prompt payment discount is one that is offered by a vendor for payment by the Government before the date payment is due. Such discounts are not considered in the evaluation of quotes or offers, but any discount offered is included in the award. The purchaser should seek discounts when appropriate.

j. *Competition- Evaluation and Basis for Award.*

(1) Purchasers must consider all timely and responsive quotations or offers received.

(2) Requirements solicited on an all-or-none basis specify that prospective vendors must furnish all of the requested items to be considered for award. If vendors are informed in the request for quotation or offer, the purchaser may consider the lowest cost alternative between a single award and multiple awards based on the prices for each item and the administrative costs of making multiple awards.

(3) An award is made to the responsive and responsible vendor offering the best value to FAA. Purchasers may evaluate vendors on the basis of lowest priced, technically acceptable offer or quote, which will result in the best value to FAA.

(4) Non-price related evaluation factors, such as past performance, quality, qualifications, delivery terms or warranties, may also be evaluated but must be communicated to vendors.

k. *Price Reasonableness.*

(1) *Purchases Under \$10,000.* Purchasers do not need to document price analysis for purchases when they find no justifiable reason to question that the price is fair and reasonable. The administrative cost of verifying price reasonableness of purchases may more than offset potential savings from detecting instances of overpricing. When there are doubts about the reasonableness of the price, the purchaser should obtain additional quotes or take other action to verify price reasonableness, such as reviewing current published price lists, reviewing historical prices for purchases of the same or similar item or service, or requesting data from the vendor on sales prices to other customers.

(2) *Purchases Over \$10,000.* Procurements over \$10,000 must be supported by a written determination by the purchaser that the price is fair and reasonable. When possible, this

determination is based on competition. When awards are made without competition or when only a single responsive quote or offer is received, the purchaser must use other price analysis techniques to determine if the price is reasonable. Price analysis techniques that the purchaser may consider, along with the independent Government cost estimate, include:

- (a) Comparison of prior pricing for the same or similar items or services in comparable quantities;
- (b) Application of rough yardsticks (e.g. dollars per pound or horsepower) to highlight significant inconsistencies that warrant additional pricing inquiry;
- (c) Comparison with current published catalog or market prices, similar indexes, or discount or rebate arrangements;
- (d) Ascertaining that law or regulation establishes pricing; and
- (e) Other information gained through a market survey.

l. *Documenting the Award Decision.* Purchasers should have a rational basis for purchasing decisions. The extent of documentation substantiating purchase decisions depends on the value and circumstances of the purchase. If the purchase involves an item that is a viable exemption to an applicable prohibition or restriction (See AMS Procurement Guidance T3.2.2.5.A.4, Prohibited and Restricted Purchases), then the award decision must, despite the dollar value of the purchase, document the basis and background for the purchase.

(1) *Purchases under \$10,000.* Documentation is not required except for awards that, without documentation, would appear questionable to a “reasonable person” with market knowledge of the products or services being purchased.

(2) *Purchases over \$10,000.* The purchaser must record prices received, names of vendors contacted, and discounts, and other terms quoted by each vendor. If competitive quotes or offers were solicited and award was made to other than the lowest priced, technically acceptable vendor, the purchaser must document evaluation criteria and results, and basis for the award decision.

m. *Rotating Awards for Requirements under \$10,000.* When possible and economically feasible, purchasers should distribute simplified purchase awards of widely available products and services among vendors.

n. *Requisitioner Role.*

(1) The requisitioner defines the requirement by supplying applicable information or documentation to the purchaser that includes, but is not limited to, the following:

- (a) Part numbers;

- (b) Item descriptions;
- (c) Statements of work and specifications;
- (d) Packaging and shipment requirements;
- (e) Inspection and acceptance requirements;
- (f) Funding and any required approvals; and
- (g) Suggested vendors.

(2) As necessary, the requisitioner may assist the purchaser with evaluation of offered products and services.

(3) As part of market research, requisitioners may contact potential vendors about product or services offered, pricing, quality, warranty, delivery terms, and other information. Requisitioners should clearly communicate to prospective vendors that the contact is for market research purposes only and is not a commitment to purchase.

*o. Inspection and Acceptance.*

(1) Acceptance by a FAA representative constitutes acknowledgement that the supplies or services received conform to applicable contract or purchase requirements. Acceptance is documented using an inspection and acceptance form such as FAA Form 256, by a commercial shipping document or packing list, or through other means to include annotation on the purchase order form.

(2) Acceptance of the supplies or services is the responsibility of the CO or cardholder. This responsibility may be assigned to a program office or center representative.

(3) Each award must specify the place of acceptance as well as other necessary acceptance provisions.

**New Content: Procurement Guidance:**

*T3.2.2.5 - Simplified Purchase Method*

*Simplified Purchasing*

**Section 1 : Simplified Purchasing**

*a. Scope of Simplified Purchasing.* Simplified purchasing covers methods used to obtain noncomplex products, services, or construction through a contract, purchase order, blanket purchase agreement, and Federal Supply Schedule order. Simplified purchase methods apply to noncomplex products, services, or construction that have been sold at established catalog or market prices or where prices can be determined fair and reasonable (see AMS Policy 3.2.2.5).

b. *Simplified Purchasing vs. Complex Source Selection.* The complexity of FAA's requirement shapes the complexity of the process to solicit, evaluate, and select a vendor. Contracting methods described in AMS Policy 3.2.2.3, Complex Source Selection, are generally not a time and cost efficient means for acquiring noncomplex products, services, or construction. There are exceptions to this consideration, such as when the procurement involves cost-reimbursement pricing or indefinite-delivery arrangements, both noncomplex and complex work is required, in-depth evaluation is needed to select the best qualified vendor, or extensive contract terms and conditions are necessary.

c. Authorized users of the FAA purchase card must use methods described in T3.2.6 when procuring items; however, Contracting Officers (CO) or others delegated procurement authority outside of the purchase card program may determine which purchasing method is appropriate, either Simplified Purchase Method or Complex Source Selection, based on the factors surrounding each procurement.

d. *Funding.* All applicable funding requirements detailed in AMS Procurement Guidance T3.3.1 apply to procurement conducted using simplified methods. This includes:

- (1) Compliance with the Anti-Deficiency Act;
- (2) Ensuring sufficient funds are available;
- (3) Ensuring awards made subject to the availability of funds include the appropriate AMS Clauses (i.e., AMS Clause 3.3.1-10, Availability of Funds, or AMS Clause 3.3.1-11, Availability of Funds for the Next Fiscal Year); and
- (4) Ensuring that severable services crossing fiscal years are awarded using appropriate funds, and that the contract period does not exceed one year.

e. *Mandatory Sources and Other Requirements.* When using simplified purchase methods, COs or others with procurement authority (to include purchase card holders) must consider the following requirements:

- (1) *Strategic Sourcing Initiatives.* This includes the following:
  - (a) Strategic Sourcing for the Acquisition of Various Equipment and Supplies (SAVES). The SAVES program is a mandatory source for some equipment and office supplies (see AMS Procurement Guidance T3.8.6).
  - (b) The Dell Blanket Purchase Agreement (BPA).
- (2) *Federal Prison Industries, Inc. (FPI) (also known as UNICOR).* For those products available through FPI, the procedures detailed in AMS Procurement Guidance T3.8.4, Government Sources of Products/Services, must be strictly followed.

(3) *Randolph-Sheppard Act*. FAA must first consider the blind in the operation of vending facilities. (See AMS Procurement Guidance T3.8.4)

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(5) *General Services Administration (GSA) Federal Supply Schedules (FSS)*. When procuring items through a GSA FSS, FAA must follow the procedures detailed under AMS Procurement Guidance T3.8.3, Federal Supply Schedules. Note that GSA is not a mandatory source for FAA.

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(8) *Labor Laws*. Depending on the nature of the requirement, FAA must comply with applicable labor laws when conducting procurements (i.e. the Davis Bacon Act for construction of over \$2,000, the Service Contract for applicable services over \$2,500, and the Walsh-Healey Public Contracts Act for materials, supplies, articles, or equipment exceeding \$10,000). (See AMS Procurement Guidance T3.6.2 for additional information)

f. *Set-asides*. Purchases with an anticipated value between \$10,000 and \$100,000, except those conducted using a purchase card, are automatically reserved for competition among SEDB 8(a) vendors, unless the purchaser, with review of the cognizant Small and Small Disadvantaged Utilization Specialist, determines there is not a reasonable expectation of obtaining quotes or offers from responsible SEDB 8(a) concerns that are competitive in terms of market prices, quality, and delivery. More information on set-asides, to include SEDB 8(a) and others, is available in AMS Procurement Guidance T3.6.1.

g. *Competition*.

(1) *Over \$10,000*. Purchases over \$10,000 must be competed among two or more qualified vendors, unless the proposed action is supported by a single source justification or is set-aside under a small business preference program authorizing noncompetitive awards.

(2) *Under \$10,000*. Competition is encouraged, but not mandatory for purchases under \$10,000. Purchasers should consider the administrative cost of the purchase versus potential savings that could result from competition. Purchases under \$10,000 on a single source basis do not require file documentation justifying the single source

decision. However, purchasers should use sound business judgment and have a documented reasonable basis for any decisions involving purchases.

(3) Purchasers may obtain competition by reviewing commercial catalog/price lists, or by soliciting quotes informally by telephone, email, or fax, or formally through written or electronic methods of request for quotation or offer.

h. *Solicitation.*

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i. *Discounts.* Quantity discounts are usually offered for purchasing a specific quantity or dollar value of items at one time, or a specified dollar total over an agreed-upon time period. A trade discount from the catalog/commercial list price is one that is offered to all customers by a vendor. This may include promotion of seasonal, new or slow-selling items or special discounts offered by a manufacturer or dealer. A prompt payment discount is one that is offered by a vendor for payment by the Government before the date payment is due. Such discounts are not considered in the evaluation of quotes or offers, but any discount offered is included in the award. The purchaser should seek discounts when appropriate.

j. *Competition- Evaluation and Basis for Award.*

(1) Purchasers must consider all timely and responsive quotations or offers received.

(2) Requirements solicited on an all-or-none basis specify that prospective vendors must furnish all of the requested items to be considered for award. If vendors are informed in the request for quotation or offer, the purchaser may consider the lowest cost alternative between a single award and multiple awards based on the prices for each item and the administrative costs of making multiple awards.

(3) An award is made to the responsive and responsible vendor offering the best value to FAA. Purchasers may evaluate vendors on the basis of lowest priced, technically acceptable offer or quote, which will result in the best value to FAA.

(4) Non-price related evaluation factors, such as past performance, quality, qualifications, delivery terms or warranties, may also be evaluated but must be communicated to vendors.

k. *Price Reasonableness.*

(1) *Purchases of \$10,000 or less.* Purchasers do not need to document price analysis for purchases when they find no justifiable reason to question that the price is fair and reasonable. The administrative cost of verifying price reasonableness of purchases may more than offset potential savings from detecting instances of overpricing. When there are doubts about the reasonableness of the price, the purchaser should obtain additional quotes or take other action to verify price reasonableness, such as reviewing current published price lists, reviewing historical prices for purchases of the same or similar item or service, or requesting data from the vendor on sales prices to other customers.

(2) *Purchases Over \$10,000.* Procurements over \$10,000 must be supported by a written determination by the purchaser that the price is fair and reasonable. When possible, this determination is based on competition. When awards are made without competition or when only a single responsive quote or offer is received, the purchaser must use other price analysis techniques to determine if the price is reasonable. Price analysis techniques that the purchaser may consider, along with the independent Government cost estimate, include:

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- (c) Comparison with current published catalog or market prices, similar indexes, or discount or rebate arrangements;
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- (e) Other information gained through a market survey.

l. *Documenting the Award Decision.* Purchasers should have a rational basis for purchasing decisions. The extent of documentation substantiating purchase decisions depends on the value and circumstances of the purchase. If the purchase involves an item that is a viable exemption to an applicable prohibition or restriction (See AMS Procurement Guidance T3.2.2.5.A.4, Prohibited and Restricted Purchases), then the award decision must, despite the dollar value of the purchase, document the basis and background for the purchase.

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m. *Rotating Awards for Requirements of \$10,000 or less.* When possible and economically feasible, purchasers should distribute simplified purchase awards of widely available products and services among vendors.

n. *Requisitioner Role.*

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(2) As necessary, the requisitioner may assist the purchaser with evaluation of offered products and services.

(3) As part of market research, requisitioners may contact potential vendors about product or services offered, pricing, quality, warranty, delivery terms, and other information. Requisitioners should clearly communicate to prospective vendors that the contact is for market research purposes only and is not a commitment to purchase.

o. *Inspection and Acceptance.*

(1) Acceptance by a FAA representative constitutes acknowledgement that the supplies or services received conform to applicable contract or purchase requirements. Acceptance is documented using an inspection and acceptance form such as FAA Form 256, by a commercial shipping document or packing list, or through other means to include annotation on the purchase order form.

(2) Acceptance of the supplies or services is the responsibility of the CO or cardholder. This responsibility may be assigned to a program office or center representative.

(3) Each award must specify the place of acceptance as well as other necessary acceptance provisions.

**Red Line Content: Procurement Guidance:**

*T3.2.2.5 - Simplified Purchase Method*

*Simplified Purchasing*

**Section 1 : Simplified Purchasing**

a. *Scope of Simplified Purchasing.* Simplified purchasing covers methods used to obtain noncomplex products, services, or construction through a contract, purchase order, blanket purchase agreement, and Federal Supply Schedule order. Simplified purchase methods apply to noncomplex products, services, or construction that have been sold at established catalog or market prices or where prices can be determined fair and reasonable (see AMS Policy 3.2.2.5).

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c. Authorized users of the FAA purchase card must use methods described in T3.2.6 when procuring items; however, Contracting Officers (CO) or others delegated procurement authority outside of the purchase card program may determine which purchasing method is appropriate, either Simplified Purchase Method or Complex Source Selection, based on the factors surrounding each procurement.

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f. *Set-asides.* Purchases with an anticipated value between \$10,000 and \$100,000, except those conducted using a purchase card, are automatically reserved for competition among SEDB (8(a)) vendors, unless the purchaser, with review of the cognizant Small and Small Disadvantaged Utilization Specialist, determines there is not a reasonable expectation of obtaining quotes or

offers from responsible SEDB 8(a) concerns that are competitive in terms of market prices, quality, and delivery. More information on set-asides, to include SEDB 8(a) and others, is available in AMS Procurement Guidance T3.6.1.

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j. *Competition- Evaluation and Basis for Award.*

- (1) Purchasers must consider all timely and responsive quotations or offers received.
- (2) Requirements solicited on an all-or-none basis specify that prospective vendors must furnish all of the requested items to be considered for award. If vendors are informed in the request for quotation or offer, the purchaser may consider the lowest cost alternative between a single award and multiple awards based on the prices for each item and the administrative costs of making multiple awards.
- (3) An award is made to the responsive and responsible vendor offering the best value to FAA. Purchasers may evaluate vendors on the basis of lowest priced, technically acceptable offer or quote, which will result in the best value to FAA.
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- (2) *Purchases Over \$10,000.* Procurements over \$10,000 must be supported by a written determination by the purchaser that the price is fair and reasonable. When possible, this determination is based on competition. When awards are made without competition or when only a single responsive quote or offer is received, the purchaser must use other price analysis techniques to determine if the price is reasonable. Price analysis techniques that the purchaser may consider, along with the independent Government cost estimate, include:
  - (a) Comparison of prior pricing for the same or similar items or services in comparable quantities;
  - (b) Application of rough yardsticks (e.g. dollars per pound or horsepower) to highlight significant inconsistencies that warrant additional pricing inquiry;
  - (c) Comparison with current published catalog or market prices, similar indexes, or discount or rebate arrangements;

- (d) Ascertaining that law or regulation establishes pricing; and
- (e) Other information gained through a market survey.

l. *Documenting the Award Decision.* Purchasers should have a rational basis for purchasing decisions. The extent of documentation substantiating purchase decisions depends on the value and circumstances of the purchase. If the purchase involves an item that is a viable exemption to an applicable prohibition or restriction (See AMS Procurement Guidance T3.2.2.5.A.4, Prohibited and Restricted Purchases), then the award decision must, despite the dollar value of the purchase, document the basis and background for the purchase.

(1) *Purchases ~~under~~ of \$10,000 or less.* Documentation is not required except for awards that, without documentation, would appear questionable to a “reasonable person” with market knowledge of the products or services being purchased.

(2) *Purchases over \$10,000.* The purchaser must record prices received, names of vendors contacted, and discounts, and other terms quoted by each vendor. If competitive quotes or offers were solicited and award was made to other than the lowest priced, technically acceptable vendor, the purchaser must document evaluation criteria and results, and basis for the award decision.

m. *Rotating Awards for Requirements ~~under~~ of \$10,000 or less.* When possible and economically feasible, purchasers should distribute simplified purchase awards of widely available products and services among vendors.

n. *Requisitioner Role.*

(1) The requisitioner defines the requirement by supplying applicable information or documentation to the purchaser that includes, but is not limited to, the following:

- (a) Part numbers;
- (b) Item descriptions;
- (c) Statements of work and specifications;
- (d) Packaging and shipment requirements;
- (e) Inspection and acceptance requirements;
- (f) Funding and any required approvals; and
- (g) Suggested vendors.

(2) As necessary, the requisitioner may assist the purchaser with evaluation of offered products and services.

(3) As part of market research, requisitioners may contact potential vendors about product or services offered, pricing, quality, warranty, delivery terms, and other information. Requisitioners should clearly communicate to prospective vendors that the contact is for market research purposes only and is not a commitment to purchase.

*o. Inspection and Acceptance.*

(1) Acceptance by a FAA representative constitutes acknowledgement that the supplies or services received conform to applicable contract or purchase requirements. Acceptance is documented using an inspection and acceptance form such as FAA Form 256, by a commercial shipping document or packing list, or through other means to include annotation on the purchase order form.

(2) Acceptance of the supplies or services is the responsibility of the CO or cardholder. This responsibility may be assigned to a program office or center representative.

(3) Each award must specify the place of acceptance as well as other necessary acceptance provisions.

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**Section 1 : Basis for Single Source**

**Old Content:** Procurement Guidance:

*T3.2.2.4 - Single Source*

*Single Source Contracting*

**Section 1 : Basis for Single Source**

(a) Single source procurement may be used when in the FAA's best interest. A factual, reasoned, and well-documented rationale must support the decision to use a single source. Excluding emergencies, there are no predetermined or prescribed conditions for using a single source. Each single source decision stands alone and is based on the circumstances.

(b) The rational basis for a single source decision must be documented by the program official, reviewed by legal counsel, and approved by the Contracting Officer (CO). This rationale is documented in a:

(1) Stand-alone, single source justification using the template in Appendix 1;

(2) Procurement Plan, if a formal plan is established; or

(3) Exhibit 300 Program Baseline Attachment 3: Implementation Strategy and Planning, if applicable.

(c) Approval of an Exhibit 300 Program Baseline Attachment 3: Implementation Strategy and Planning or approval of a Procurement Plan constitutes approval of a single-source procurement; no further approval or documentation is necessary.

(d) For single source procurements with a total value of less than \$10,000, a justification is not required.

(e) Single source justification is not required for noncompetitive set-asides to 8(a)-certified Socially and Economically Disadvantaged Business (SEDB) or Service Disabled Veteran Owned Small Business. (See AMS Procurement Guidance T3.6.1 "Small Business Development Program").

**New Content: Procurement Guidance:**

*T3.2.2.4 - Single Source*

*Single Source Contracting*

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**Red Line Content: Procurement Guidance:**

*T3.2.2.4 - Single Source*

*Single Source Contracting*

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(c) Approval of an Exhibit 300 Program Baseline Attachment 3: Implementation Strategy and Planning or approval of a Procurement Plan constitutes approval of a single-source procurement; no further approval or documentation is necessary.

(d) For single source procurements with a total value ~~of less than~~ \$10,000 or less, a justification is not required.

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